

Message Text

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42

ACTION EUR-25

INFO OCT-01 ADP-00 EB-11 COME-00 TRSE-00 XMB-07 L-03 FRB-02

PA-03 PRS-01 SS-15 NSC-10 CIEP-02 OPIC-12 OMB-01

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P R 251427 Z APR 73

FM AMEMBASSY BUCHAREST

TO USIA WASHDC PRIORITY

INFO SECSTATE WASHDC 5221

UNCLAS BUCHAREST 1551

USIA FOR IBS/ ROMANIAN SERVICE; IPS; IEE

E. O. 11652: N/ A

TAGS: SCUL, RO

SUBJECT: ROMANIAN- AMERICAN CONTRACT SIGNED

1. CEREMONIAL SIGNING TOOK PLACE IN BUCHAREST TODAY (APRIL 25) OF AN AGREEMENT UNDER WHICH AN AMERICAN COMPANY WILL DESIGN, SUPERVISE, AND PUT INTO PRODUCTION A 75- MILLION DOLLAR RADIAL TIRE MANUFACTURING PLANT IN FLORESTI, ROMANIA.

2. THE AGREEMENT WAS SIGNED BY J. W. FOSS, PRESIDENT OF

GENERAL TIRE INTERNATIONAL, AND BY ENGINEER ALEXANDRU NICOLAU, DIRECTOR GENERAL OF ROMCHIM, A BRANCH OF THE ROMANIAN STATE ENTERPRISE FOR FOREIGN TRADE.

3. NEGOTIATIONS FOR THE AGREEMENT BEGAN IN MID-1972 BETWEEN GENERAL TIRE AND ROMCHIM. FINANCING WILL COME THROUGH LOAN AGREEMENTS WITH THE EXPORT- IMPORT BANK AND COMMERCIAL BANKS IN THE UNITED STATES. THE NEW PLANT WILL SUPPLY ONE MILLION TIRES A YEAR. MACHINERY, EQUIPMENT, AND ON-
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GOING TECHNICAL SERVICES FOR THE PROJECT, ESTIMATED AT ABOUT 35- MILLION DOLLARS, WILL BE PURCHASED IN THE U. S. IT IS EXPECTED THAT THE 400- THOUSAND- SQUARE- FOOT PLANT WILL PROVIDE APPROXIMATELY ONE THOUSAND NEW JOBS IN ROMANIA.

4. WHILE THIS AGREEMENT IS NOT A JOINT VENTURE INVOLVING DIRECT CAPITAL INVESTMENT BY A U. S. FIRM, THE POSSIBILITY OF FUTURE JOINT VENTURES BETWEEN GENERAL TIRE INTERNATIONAL AND ROMCHIM WAS DISCUSSED AT TODAY' S CEREMONY.
MEEKER

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*** Current Handling Restrictions *** n/a
*** Current Classification *** UNCLASSIFIED

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Disposition Event:
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